GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2173
ANSWERED ON:30.11.2007
CORRUPTION CASES IN BANKS
Athawale Shri Ramdas

Will the Minister of FINANCE be pleased to state:

(a) the cases of corruption in Banks noticed during the last three years, bank-wise;

(b) whether any FIR has been registered;

(c) if so, the details thereof; and

(d) further steps taken by the Government to check cases of corruption?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): Reserve Bank of India (RBI) has reported that there is no system of reporting cases of corruption by banks to RBI. However, fraud cases are being reported by public sector banks to RBI. The bank-wise details of the number of frauds, amount involved therein, as reported by banks to RBI for the year 2004, 2005, 2006 and 2007 (upto June) are given in Annex.

(b) & (c): As per extant guidelines, public sector banks are required to report fraud cases involving amount of Rs. One crore and above to CBI and below Rs.One crore to local police. RBI advises all the banks to examine the staff accountability in all cases of frauds. Action is taken against delinquent employees for their involvement in cases of frauds. The details of action taken against such delinquent employees are . as under:

Year	No.of employees convicted	No. of employees awarded major/ minor penalties	Out of II dismissed/ discharged/ removed is pending in the Court.	No.of employees acquitted	No. of employees against whom prosecution	No. of employees against whom Departmental proceedings are pending
1	II	III	IV	V	VI	
2004	127	1590	461	69	635	1429
2005	120	1506	451	33	658	1404
2006	43	1416	437	48	596	1340
2007 (upto June)	66	732	183	34	575	1235

(d): As a part of its supervisory responsibility, RBI has been advising banks from time to time about the common fraud prone areas and the measures to be taken by them to prevent/reduce the incidents of frauds in banks. Caution advices are issued to banks by RBI containing the details of unscrupulous borrowers and related parties who had perpetrated frauds on banks, so that banks could exercise caution while extending credit facilities to them. Banks are also advised to examine the staff accountability in all cases of frauds.